

TENSAS PARISH CLERK OF COURT

ST. JOSEPH, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

With

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA**

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1-3
Required Supplemental Information (Part I)	
Management's Discussion and Analysis	4-6
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	12
Fiduciary - Agency Funds:	
Statement of Agency Assets and Liabilities - Fiduciary Funds	13
Notes to the Financial Statements	14-22
Required Supplemental Information (Part II)	
Budgetary Comparish Schedule - General Fund	23
Other Supplemental Schedules (Part III)	
Fiduciary Fund Type - Agency Funds - Combining Statement of Changes in Assets and Liabilities	24

-continued

TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA

TABLE OF CONTENTS – continued

	<u>Page No.</u>
Compliance Reporting and Other Schedules Required by Government Auditing Standards	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Schedule of Findings and Responses	27
Schedule of Prior Year Findings	28

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members
American Institute of
Certified Public Accountants

Mississippi Society of
Certified Public Accountants

Louisiana Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Ernest Sikes
Tensas Parish Clerk of Court
St. Joseph, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tensas Parish Clerk of Court as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Clerk's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Tensas Parish Clerk of Clerk, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 and the budgetary comparison information on page 23 be presented to supplement the basic financial statements. Such information, although not a part of basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's basic financial statements. The supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements.

The other supplemental schedule listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated December 23, 2014, on our consideration of the Tensas Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tensas Parish Clerk of Court's internal control over financial reporting and compliance.

The Halford Firm, PLLC

December 23, 2014

REQUIRED SUPPLEMENTAL INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Tensas Parish Clerk of Court's financial performance provides an overview of the Clerk's financial activities for the year ended June 30, 2014. Please review it in conjunction with the transmittal letter and Tensas Parish Clerk of Court's basic financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The Clerk's net position decreased \$1,719, as a result of this year's operations. This decrease in net position was the result of a decrease in cash and accounts receivable.

During the year the Clerk had total expenditures of \$268,612 in governmental funds. This was a decrease of \$30,235 when compared to the prior year. This is due to a decrease in personal services.

Total revenue for the Clerk for the current year was \$267,130. This was down from \$289,867 in the previous year. The revenue decrease was primarily because of a decrease in recording fees.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Clerk as a whole and present a longer-term view of the Clerk's finances. Fund financial statements start on page 7. For governmental activities, these statements tell you how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Clerk's operations in more detail than the government-wide statements by providing information about the Clerk's most significant funds.

Government-Wide Financial Statements:

The government-wide financial statements consist of two statements. These are the Statement of Net Position and Statement of Activities. The Statement of Net Position presents information on all of the Tensas Parish Clerk of Court's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Tensas Parish Clerk of Court is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. These statements disclose that in the current year, the Clerk's net position decreased by \$1,719.

Fund Financial Statements:

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tensas Parish Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Tensas Parish Clerk of Court can be divided into two categories: governmental funds and fiduciary (agency) funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and Government Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The current year Statement of Revenues, Expenditures, and Changes in Fund Balances has a \$1,482 excess of expenditures over receipts.

Fiduciary funds. Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the Tensas Parish Clerk of Court's programs, fiduciary (agency) funds are not reflected in the government-wide financial statement.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Clerk's performance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Clerk's liabilities exceeded assets by \$8,610. The Tensas Parish Clerk of Court's net position reflects its investment in capital assets at June 30, 2014, to be zero.

Management's Discussion and Analysis
Page Three

The following table reflects a condensed statement of the Clerk's net position as of June 30, 2014, and 2013:

STATEMENT OF NET POSITION
Governmental Funds

Assets	2014	2013
Cash and cash equivalents	\$ 3,853	\$ 8,520
Receivables	2,387	4,255
Total Assets	6,240	12,775
 Liabilities		
Current liabilities:		
Accounts payable	2,792	4,704
Payroll related liabilities	12,058	14,962
Total Liabilities	14,850	19,666
 Net Position		
Invested in capital assets	-	-
Unrestricted	(8,610)	(6,891)
Total Net Position	\$ (8,610)	\$ (6,891)

Financial Analysis of the Government's Funds:

As noted earlier, the Tensas Parish Clerk of Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2014, governmental fund balance of \$(8,610) showed a decrease of \$1,719 when compared to June 30, 2013.

Request for Information

This financial report is designed to provide a general overview of the Tensas Parish Clerk of Court's finances for all those with an interest in the Tensas Parish Clerk of Court's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Tensas Parish Clerk of Court, P. O. Box 78, St. Joseph, Louisiana 71366.

BASIC FINANCIAL STATEMENTS

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2014**

	<u>General Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,853
Receivables	2,387
Capital assets, net of accumulated depreciation	<u>-</u>
Total Assets	<u>6,240</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,792
Payroll related liabilities	<u>12,058</u>
Total Liabilities	<u>14,850</u>
Net Position	
Invested in capital assets	-
Unrestricted	<u>(8,610)</u>
Total Net Position	<u>\$ (8,610)</u>
Unrestricted	
Total Net Position	

The accompanying notes are an integral part of the financial statements.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Activities	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position
Government activities:			
General government	<u>\$ 268,612</u>	<u>\$266,865</u>	<u>\$ (1,747)</u>
General revenues:			
			<u>28</u>
			<u>28</u>
			(1,719)
			<u>(6,891)</u>
			<u>\$ (8,610)</u>

The accompanying notes are an integral part of the financial statements.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund
Assets	
Cash and cash equivalents	\$ 3,853
Receivables	2,211
Total Assets	6,064
Liabilities and Fund Equity	
Liabilities:	
Accounts payable	2,792
Payroll related liabilities	12,058
Total Liabilities	14,850
Fund Balance:	
Unassigned	(8,786)
Total Fund Balance	(8,786)
Total Liabilities and Fund Balance	\$ 6,064

The accompanying notes are an integral part of the financial statements.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Government Funds	\$ (8,786)
---------------------------------------	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	66,049	
Less accumulated depreciation	<u>(66,049)</u>	
Net		-

Receivables collected more than 60 days after the close of the accounting period are not recorded on the fund financial statements, but they are included on the Statement of Net Position.	<u>176</u>
---	------------

Net Position of Governmental Activities	<u><u>\$ (8,610)</u></u>
---	--------------------------

The accompanying notes are an integral part of the financial statements.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

Licenses and permits - marriage	\$ 606
Fees, charges, and commissions for services:	
Court costs, fees, and charges	156,605
Fees for recording legal documents	68,361
Fees for certified copies of documents	4,371
State supplemental pay	21,000
UCC fees	504
Use of money and property - interest earnings	28
Other	15,655
Total revenues	<u>267,130</u>

Expenditures

General government:	
Personal service and related benefits	237,282
Operating services	13,282
Material and supplies	15,482
Travel and other	2,566
Total expenditures	<u>268,612</u>

EXCESS (DEFICENCY) OF REVENUES OVER EXPENDITURES	(1,482)
FUND BALANCE AT BEGINNING OF YEAR	<u>(7,304)</u>
FUND BALANCE AT END OF YEAR	<u>\$ (8,786)</u>

The accompanying notes are an integral part of the financial statements.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds	\$ (1,482)
---	------------

Governmental funds do not report funds received more than 60 days after the end of the year as revenues in the current year, but the Statement of Activities reports all receivables regardless of when collected. This is the net change resulting from recording all receivables on the Statement of Activities.

	<u>(237)</u>
--	--------------

Change in Net Position of Governmental Activities	<u>\$ (1,719)</u>
---	-------------------

The accompanying notes are an integral part of the financial statements.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
STATEMENT OF AGENCY ASSETS AND LIABILITIES – FIDUCIARY FUNDS
AS OF JUNE 30, 2014**

ASSETS	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
Cash	<u>\$ 51,295</u>	<u>\$ 58,614</u>	<u>\$ 109,909</u>
 LIABILITIES			
Due to litigants and others	<u>\$ 51,295</u>	<u>\$ 58,614</u>	<u>\$ 109,909</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public; the recorder of conveyances, mortgages, and other acts; and has other duties and powers provided by law. The Clerk of Court is elected for a four year term.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Tensas Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the Tensas Parish Police Jury. The police jury maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture to the Clerk of Court's office. Because the Clerk of Court is fiscally dependent on the police jury, the Clerk of Court was determined to be a component of the Tensas Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Clerk uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental fund (General Fund) and fiduciary (Agency Funds).

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. FUND ACCOUNTING – continued

Governmental Funds

Governmental Funds account for all or most of the Clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Clerk of Court. The following are the Clerk's governmental funds:

General Fund - The primary operating fund of the Clerk and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Clerk policy.

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Clerk are agency funds. The agency funds account for assets held by the Clerk as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Exhibit C and E, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Clerk operations.

The amounts reflected in the General Fund of Exhibits C and E, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk considers all revenues

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - continued

Fund Financial Statements (FFS) – continued

available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Recording, cancellations, court attendance, criminal cost, etc., are recorded in the year in which they are earned.

Interest income on investments is recorded as it is earned through the use of accruals.

Substantially, all other revenues are recorded when received.

Expenditures

Expenditures are generally recognizable under the modified accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities (Exhibit A & B) report information about the Clerk as a whole. These statements include all the financial activities of the Clerk. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues- Program revenues included in the Statement of Activities (Exhibit B) are derived directly from clerk users as a fee for services; program revenues reduce the cost of the function to be financed from the Clerk's general revenues.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. BUDGET AND BUDGETARY ACCOUNTING

The proposed budget for the 2015 fiscal year was made available for public inspection at the Clerk's office on May 13, 2013. The budget hearing was held at the clerk's office at 9:00 a.m. on May 13, 2013.

The budget was amended April 23, 2014, and a hearing was held in the Clerk's office on that day at 9:00 a.m.

The budget is legally adopted and amended as necessary by the Clerk. All appropriations lapse at year-end. Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original and amended budgeted amounts.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the clerk of court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States of America, or under the laws of the United States of America.

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Office Equipment	5 years
Furniture and Fixtures	5-10 years
Vehicles	4-5 years

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

H. VACATION/SICK LEAVE/UNCOMPENSATED ABSENCES

All employees of the Clerk of Court's office earn two weeks of non-cumulative vacation leave each year. Sick leave is granted on a case-by-case basis, at the discretion of the Clerk. Since no leave time is cumulative, the Clerk does not have a liability for compensated absences.

I. RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Clerk maintains commercial insurance policies covering his automobile, professional liability and surety bond coverage. In addition to the above policies, the Clerk also maintains an errors and omissions claims paid policy with the Louisiana Clerks of Court Risk Management Agency. No claims were paid on any of the policies during the past three years.

There were no significant reductions in insurance coverage during the year ended June 30, 2014.

J. FUND EQUITY

Beginning with fiscal year 2011, the Clerk implemented GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form (such as inventory) are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the Clerk itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Clerk takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts the Clerk intends to use for a specific purpose. Intent is expressed by the Clerk of Court.

Unassigned Fund Balance - amounts that are available for any purpose. These amounts are reported only in the general fund.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

J. FUND EQUITY – continued

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Clerk considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Clerk considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Clerk has provided otherwise in his commitment or assignment actions.

K. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Clerk to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2014, the Tensas Parish Clerk of Court had cash and cash equivalents totaling \$113,762 of which \$109,909 is attributable to fiduciary funds and therefore, is not presented in the Statement of Net Position. The bank balances at June 30, 2014, were \$123,401, of which \$123,401 was insured from loss by FDIC insurance and \$0 was secured by pledged securities. Cash and investments are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

NOTE 3 – RECEIVABLES

The breakdown on General Fund receivables at June 30, 2014 is as follows:

	Governmental Funds
Fees for services	\$ 2,211
Less: allowances for bad debt	-
Net	\$ 2,211

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 4 – CHANGES IN GENERAL FIXED ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Cost			Accumulated Depreciation				
	Balance	Additions	Deductions	Balance	Balance	Additions	Deductions	Balance
	June 30, 2013			June 30, 2014	June 30, 2013			June 30, 2014
Equipment	\$ 66,049	\$ -	\$ -	\$ 66,049	\$ 66,049	\$ -	\$ -	\$ 66,049

NOTE 5 – PENSION PLAN

Substantially all employees are members of the Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer defined pension plan, Public Employee Retirement System (PERS), controlled and administered by a separate board of trustees.

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions retire at or after age 55 and receive the benefits accrued to their date of termination. The System provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Clerk of Court Retirement & Relief Fund, 11745 Bricksome Avenue, Suite B2, Baton Rouge, Louisiana, 70816, or by calling (225) 293-1162.

Funding Policy. Plan members are required by state statute to contribute 8.25% of their annual salary and the Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 7.25% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the tax rolls of each parish. The contribution requirements of plan members and the Clerk are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Tensas Parish Clerk of Court's contributions to the System for the years ending June 30, 2014, 2013 and 2012 were \$38,509, \$43,583 and \$30,941, respectively, equal to the required contributions for each year.

NOTE 6 – EXPENSES OF THE CLERK PAID BY THE PARISH POLICE JURY

Certain operating expenditures of the Clerk's office are paid by the Parish Police Jury. The Police Jury paid the electric bills for the Clerk's office and provided office space. None of these expenses are included in the financial statements.

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 7 – OPERATING LEASES

The Clerk does not have any capital or operating leases at June 30, 2014.

NOTE 8 – HEALTH AND LIFE INSURANCE BENEFITS

The Louisiana Clerk of Court Association provides health care and life insurance benefits for its employees. Substantially, all of the Clerk of Court General Fund employees are covered by the Louisiana Clerk of Court Association Insurance Program. During the year ended June 30, 2014 the General Fund paid for those benefits.

NOTE 9 – CHANGES IN AGENCY FUND BALANCES

A summary of changes in Agency Fund balances due to others follows:

	Advance Deposit Fund	Registry of Court Fund	Total
Balance, July 1, 2013	\$ 54,639	\$ 81,939	\$ 136,578
Additions	123,484	53,981	177,465
Reductions	(126,828)	(77,306)	(204,134)
Balance, June 30, 2014	<u>\$ 51,295</u>	<u>\$ 58,614</u>	<u>\$ 109,909</u>

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The Clerk had a defined benefit postemployment health care plan ("the Retiree Health Plan") that provided medical, dental and life insurance benefits to eligible retired employees and their beneficiaries. The Retiree Health Plan was affiliated with the Louisiana Clerks of Court Insurance Trust ("LCCIT"), an agent multiple-employer postemployment healthcare plan administered by the Louisiana Clerks of Court Association. The plan has been cancelled.

NOTE 11 – FIDUCIARY FUND TYPE – AGENCY FUNDS

Advance Deposit Fund

The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, is used to account for advance deposits on suits filed against litigants. The advances are refundable to the litigants after all costs have been paid.

Registry of Court Fund

The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, is used to account for funds which have been ordered by the court to be held until judgment has been rendered in court litigation. Withdrawals of the funds can be made only upon order of the court.

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 – continued**

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 23, 2014, which is the date the financial statements were available to be issued. As of December 23, 2014, there were no subsequent events noted.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Licenses and permits - marriage	\$ 280	\$ 500	\$ 606	\$ 106
Fees, charges and commissions for services:				
Court costs, fees and charges	166,000	170,000	156,605	(13,395)
Fees for recording legal documents	70,000	70,000	68,361	(1,639)
Fees for certified copies of documents	4,500	4,500	4,371	(129)
State supplemental pay	21,000	28,000	21,000	(7,000)
UCC fees	7,000	500	504	4
Use of money and property - interest earnings	50	30	28	(2)
Miscellaneous	15,000	3,500	15,655	12,155
Total revenues	<u>283,830</u>	<u>277,030</u>	<u>267,130</u>	<u>(9,900)</u>
Expenditures				
General government:				
Personal service and related benefits	255,600	240,750	237,282	3,468
Operating services	17,800	21,250	13,282	7,968
Material and supplies	4,760	11,550	15,482	(3,932)
Travel and conventions	3,500	3,000	2,566	434
Total expenditures	<u>281,660</u>	<u>276,550</u>	<u>268,612</u>	<u>7,938</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,170	480	(1,482)	(1,962)
FUND BALANCE, BEGINNING OF YEAR	<u>(7,304)</u>	<u>(7,304)</u>	<u>(7,304)</u>	-
FUND BALANCE, END OF YEAR OVER EXPENDITURES	<u>\$ (5,134)</u>	<u>\$ (6,824)</u>	<u>\$ (8,786)</u>	<u>\$ (1,962)</u>

OTHER SUPPLEMENTAL SCHEDULES

PART III

**TENSAS PARISH CLERK OF COURT
TALLAH, LOUISIANA
FIDUCIARY FUND TYPE – AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

Assets	Advance Deposit	Registry of Court	Total
Balances, beginning of year	<u>\$ 54,639</u>	<u>\$ 81,939</u>	<u>\$ 136,578</u>
Additions:			
Deposits in civil suits	123,484	53,746	177,230
Interest earnings	-	235	235
Total additions	<u>123,484</u>	<u>53,981</u>	<u>177,465</u>
Total	<u>178,123</u>	<u>135,920</u>	<u>314,043</u>
Reductions:			
Payments by order of the court	-	77,306	77,306
Clerk's fees transferred to general fund	108,894	-	108,894
Settlements to litigants	3,298	-	3,298
Appraisals and other fees	8,339	-	8,339
Sheriff's fees	6,297	-	6,297
Total reductions	<u>126,828</u>	<u>77,306</u>	<u>204,134</u>
Balances, end of year	<u>\$ 51,295</u>	<u>\$ 58,614</u>	<u>\$ 109,909</u>
Liabilities			
Due to litigants and others, beginning of year	\$ 54,639	\$ 81,939	\$ 136,578
Additions	123,484	53,981	177,465
Reductions	<u>126,828</u>	<u>77,306</u>	<u>204,134</u>
Due to litigants and others, end of year	<u>\$ 51,295</u>	<u>\$ 58,614</u>	<u>\$ 109,909</u>

**COMPLIANCE REPORTING AND OTHER
SCHEDULES REQUIRED BY *GOVERNMENTAL AUDITING STANDARDS***

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members
American Institute of
Certified Public Accountants

Mississippi Society of
Certified Public Accountants

Louisiana Society of
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Ernest Sikes
Tensas Parish Clerk of Court
St. Joseph, LA 71254

We have audited the financial statements of the Tensas Parish Clerk of Court, as of and for the year ended June 30, 2014, and have issued our report thereon dated December 23, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tensas Parish Clerk of Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk of Court's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of the findings and questioned costs as items 14-01 and 14-02. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Tensas Parish Clerk Of Court
St. Joseph, Louisiana
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tensas Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Clerk of Court, management, others within the organization, and applicable State Auditors and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Halford Firm, PLLC

December 23, 2014

**TENSAS PARISH CLERK OF COURT, ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the annual financial statements of the Tensas Parish Clerk of Court.
2. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.
3. Two significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

FINDINGS - FINANCIAL STATEMENTS AUDIT

14-01 – Preparation of Annual Financial Statements

The Clerk's personnel do not have the capability to prepare annual financial statements, including footnote disclosures, in accordance with generally accepted accounting principles and do not have the skills and competencies necessary to prevent, detect, and correct a material misstatement.

Recommendation:

An adequately designed system of internal control over financial reporting includes controls over preparation of the annual financial statements, including footnote disclosures. Such internal controls should require that the annual financial statements be prepared by personnel capable of preparing the financial statements in accordance with generally accepted accounting principles. In addition, such personnel should have the skills and competencies to prevent, detect, and correct a material misstatement in the financial statements. The Clerk's personnel with direct responsibility over financial reporting should receive training in the preparing of financial statements, including note disclosures. The training should be sufficient to provide such personnel with the skills and competencies necessary to prevent, detect, and correct a material misstatement. Alternatively, the Clerk could hire a qualified CPA to prepare their financial statements for them.

Response: The Clerk has evaluated the cost vs. the benefit of establishing internal controls over the preparation of the annual financial statements and determined that it is in the best interests of the Clerk to carefully review the monthly financial statements and accept responsibility for their contents. The cost of additional training and/or hiring another CPA firm to prepare the annual financial statement is not feasible to the Clerk.

14-02 – Segregation of Duties

During our audit we noted that the size of the Clerk and the limited number of employees does not permit an adequate segregation of employee duties for effective internal control. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Recommendation:

To the extent that it is practical to do so, management should segregate employee duties and perform supervisory reviews.

Response: Based on the size of the office staff, it is not feasible to add additional personnel to achieve complete segregation of duties

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

Section I. Internal Control and Compliance Material to the Financial Statements

No findings in the prior year.

Section II. Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III. Management Letter

No Management letter was issued in the prior year.